

Philosophy of Economics
Carnegie Mellon University
Fall 2014

INSTRUCTOR Dr. Kevin Zollman
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DESCRIPTION The science of economics has come to occupy a central position in contemporary society. Because of its importance to political decision making, economics is intertwined with a number of other philosophical issues surrounding justice, rights, and fairness. The central theme of this course will be on the arguments in favor and against markets as effective solutions to social problems like the distribution of goods. Focusing on markets will allow us to analyze a wide number of foundational issues in economics including the testability of economic claims, the use of “rationality” postulates, the foundation of the right to property, and measuring the success or failure of an economy.

COURSE OBJECTIVES By the end of this course, I want you to understand the underlying assumptions used by economists when making economic models. I want you to be able to think critically about those assumptions. Whether or not you ultimately decide you like them or hate them is irrelevant to me. I want you to know *why* you like them or dislike them.

Along the way, you will also develop general philosophical ability. By the end of the course, you should be better able to inquire about underlying assumptions in contexts outside of economics. In combination with other courses taken at this university, this should leave you better able to judge whether or not you agree with a philosophical position taken by another.

READINGS Provided online via blackboard

GRADING 30 % Class participation
30 % Midterm essay (4-6 pages double spaced) due October 22nd
40 % Final essay (8-10 pages double spaced) due December 12th

Class participation will be self-evaluated in class.

You will be allowed three absences throughout the semester. Unless you can excuse *all* your absences with legitimate excuses, no additional absences will be allowed. Plan accordingly.

PAPERS The essays should focus in depth on a single issue raised in the class. Avoid the urge to write a survey or personal reflection essay. Instead, tackle a single issue discussed in one or perhaps two readings. You could take sides in a debate that we read in class, argue against or in favor of claim made by an author, or develop a novel philosophical position of your own. **Your topic must be approved by me at least two weeks before the due date.**

I strongly encourage you to visit the writing tutors at the Global Communications Center. They can help you develop a topic or read and provide feedback on a draft.

MISCONDUCT AND PLAGIARISM Plagiarism and other forms of academic misconduct will not be tolerated. If you commit an act of plagiarism you will fail the course and will be reported to central administration. Are you unsure about what is plagiarism? Look at plagiarism.org.

LATE WORK If you are having trouble finishing the work on time contact me before the due date and we can discuss arrangements and penalties for late work. Unless serious misfortune befell you, I will not accept late work if you don't approach me before hand.

Date	Topic	Reading
Aug 25	Two justifications for markets	Friedman and Friedman, <i>Free to choose</i> , Introduction
Aug 27	Property rights	John Locke, <i>The Second Treatise: An Essay Concerning the True Original, Extent, and End of Civil Government</i> , Chapter 5
Sept 1		Labor Day; No class
Sept 3	Property rights	David Hume, <i>A Treatise of Human Nature</i> , Book 3, Part 2, Sections 2-4 (selections)
Sept 8	Property rights	G.A. Cohen, <i>Self-Ownership, Freedom, and Equality</i> , Chapter 3
Sept 10	Markets	Watch Kahn academy videos “Law of supply,” “law of demand,” “market equilibrium,” Daniel Hausman, <i>The Inexact and Separate Science of Economics</i> , Chapter 2
Sept 15	Markets	Daniel Hausman, <i>The Inexact and Separate Science of Economics</i> , Chapter 3
Sept 17	Market failure	Watch Kahn academy videos “perfect competition,” “monopolies,” negative externalities,” Akerloff, “The Market for 'Lemons'”
Sept 22	Attaining equilibrium	Ackerman “Still dead after all these years”
Sept 24	Basics of microeconomics	Ken Binmore, <i>Rational Decisions</i> , Chapter 1
Sept 29	Basics of microeconomics	Ken Binmore, <i>Rational Decisions</i> , Chapter 3
Oct 1	Experimental concerns	Colin Camerer and George Lowenstein, <i>Advances in Behavioral Economics</i> , Chapter 1
Oct 6	Welfare	Julian Reiss <i>Philosophy of Economics</i> , Chapter 12
Oct 8	Welfare	Dan Hausmann and Michael McPherson <i>Economic Analysis, Moral Philosophy, and Public Policy</i> , Chapter 7
Oct 13	Welfare	Ken Binmore, “Interpersonal Comparisons of Utility” in <i>Oxford Handbook of Philosophy of Economics</i>
Oct 15	Pareto optimality DEADLINE FOR MIDTERM TOPIC APPROVAL	Amartya Sen, “The Impossibility of the Paretian Liberal”

Date	Topic	Reading
Oct 20	Pareto optimality	Allan Gibbard, "A Pareto-Consistent Libertarian Claim"
Oct 22	Pareto and welfare MIDTERM PAPER DUE	Daniel Hausman and Michael McPherson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> , Chapter 9
Oct 27	Economic models - Realism	Uskali Maki, "Realism"
Oct 29	Economic models - Instrumentalism	Friedman, "The Methodology of Positive Economics"
Nov 3	Economic models - Positivism	Samuelson, "Problems of methodology"
Nov 5		No Class
Nov 10	Economic models - Idealization	Alan Gibbard and Hal Varian, "Economic models"
Nov 12	Economic models - Deductivism	Daniel Hausmann "Methodology in a Nutshell"
Nov 17	Economic models - Credible worlds	Robert Sugden, "Credible Worlds: The Status of Theoretical Models in Economics"
Nov 19	Economic models – Credible worlds	Continue discussion of Sugden
Nov 24		No class
Nov 26		No class; Thanksgiving
Dec 1	Markets and Freedom DEADLINE FOR FINAL PAPER TOPIC APPROVAL	Amartya Sen, "Markets and Freedom"
Dec 3	Opportunity	Robert Sugden, "Opportunity as Space for Individuality"
Dec 12	FINAL PAPER DUE	